

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**October 20, 2021**

Entrada Apartments, located at 1705 7th Street in Riverside, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 64 units of housing serving large families with rents affordable to households earning 30-60 of area median income (AMI). The project will be developed by Wakeland Housing & Development Corporation and will be located in Senate District 31 and Assembly District 61.

Entrada Apartments will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the AHSC program of HCD.

**Project Number** CA-21-108

**Project Name** Entrada Apartments  
Site Address: 1705 7th Street  
Riverside, CA 92507 County: Riverside  
Census Tract: 065.0305.03

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

**Applicant Information**

Applicant: Wakeland Entrada LP  
Contact: John Sugden  
Address: 1230 Columbia Street, Suite 950  
San Diego, CA 92101  
Phone: 619.326.6212  
Email: jsugden@wakelandhdc.com

General Partner(s) / Principal Owner(s): Wakeland Entrada LLC  
RHDC Entrada, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Wakeland Housing & Development Corporation  
Riverside Housing Development Corporation (RHDC)  
Developer: Wakeland Housing & Development Corporation  
Investor/Consultant: Wakeland Housing & Development Corporation  
Management Agent(s): ConAm Mgmt Corp

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 5  
Total # of Units: 65  
No. & % of Tax Credit Units: 64 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Project-based Vouchers (16 units - 25%)

**Information**

Set-Aside: N/A  
Housing Type: Large Family  
Geographic Area: Inland Empire Region  
TCAC Project Analyst: Brett Andersen

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 13	20%
At or Below 50% AMI: 38	60%
At or Below 60% AMI: 13	20%

**Unit Mix**

15 1-Bedroom Units
20 2-Bedroom Units
30 3-Bedroom Units
65 Total Units

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	\$444
5 2 Bedrooms	30%	\$533
3 3 Bedrooms	30%	\$616
3 1 Bedroom	50%	\$740
12 2 Bedrooms	50%	\$888
18 3 Bedrooms	50%	\$1,027
2 1 Bedroom	60%	\$888
2 2 Bedrooms	60%	\$1,066
9 3 Bedrooms	60%	\$1,233
5 1 Bedroom	50%	\$740
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,790,163
Construction Costs	\$26,170,212
Rehabilitation Costs	\$0
Construction Contingency	\$1,578,775
Relocation	\$0
Architectural/Engineering	\$885,000
Const. Interest, Perm. Financing	\$2,323,632
Legal Fees	\$146,000
Reserves	\$287,388
Other Costs	\$2,844,500
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$41,225,670</b>

**Residential**

Construction Cost Per Square Foot:	\$257
Per Unit Cost:	\$634,241
True Cash Per Unit Cost*:	\$613,258

**Construction Financing**

Source	Amount
Construction Loan	\$28,912,654
Donated Land	\$948,600
Costs Deferred Until Conversion	\$1,659,038
GP Capital Contribution	\$100
HCD AHSC Grant - HRI	\$3,235,000
City of Riverside	\$4,000,000
Impact Fee Waiver (TUMF)	\$415,285
Tax Credit Equity	\$2,054,993

**Permanent Financing**

Source	Amount
Conventional Perm Loan	\$2,709,000
Donated Land	\$948,600
HCD AHSC Loan	\$7,882,754
HCD AHSC Grant - HRI	\$3,235,000
City of Riverside	\$4,000,000
Impact Fee Waiver (TUMF)	\$415,285
GP Capital Contribution	\$100
Tax Credit Equity	\$22,034,931
<b>TOTAL</b>	<b>\$41,225,670</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$21,367,522
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,779
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Wakeland Housing & Development Corporation
Federal Tax Credit Factor:	\$0.88140

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>70.830%</b>

**Significant Information / Additional Conditions**

This project has a cost of \$634,241 per unit. This can be attributed to the requirement to pay prevailing wages as a result of the agreement for Project-based vouchers from the Housing Authority of Riverside.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, the City of Riverside, has completed a site review of this project and strongly supports this project.

## **Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit station or public bus stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of public high school	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.**

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**